

Message Text

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PAGE 01 BRUSSE 05936 241730Z
ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07
TRSE-00 LAB-04 SIL-01 OMB-01 L-03 /081 W
-----122212 241731Z /50

P 241823Z MAR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 5697
INFO ALL EC CAPITALS
USMISSION GENEVA
AMEMBASSY TOKYO

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USEEC

PARIS ALSO FOR USOECD
GENEVA ALSO FOR MTN

E.O.11652:N/A
TAGS: EEC, ETRD, JA
SUBJECT: DAVIGNON COMMENTS ON TRIGGER PRICE MECHANISM

1. DURING US/EC STEEL TALKS ON MARCH 23 (SEE SEPTELS)
COMMISSIONER DAVIGNON TOLD AMBASSADORS WOLFF AND MCDONALD
THAT EC WOULD REFRAIN FROM FURTHER REACTION TO THE U.S.
TRIGGER PRICE MECHANISM UNTIL A CLEARER IDEA OF THE
RESULTS IS AVAILABLE.

2. HE SAID THE EC WILL ATTEMPT TO DETERMINE THE PROPORTION
OF EXPORT LOSS CAUSED BY THE TPM OVER AND ABOVE WHAT
COULD HAVE BEEN EXPECTED BECAUSE OF ROUTINE ANTI-DUMPING
CASES.

3. DAVIGNON SAID THE EC WOULD BE WATCHING CAREFULLY TO
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SEE HOW THE BURDEN OF THE TPM IS SHARED BETWEEN THE EC
AND JAPAN AND ADDED THAT DEVELOPMENTS IN THIS AREA COULD
DESTABILIZE THE DEVELOPING TRADE UNDERSTANDING BETWEEN
THE EC AND JAPAN. DAVIGNON ALSO URGED THAT CONTEMPLATED
INCREASES IN THE TRIGGER PRICES TAKE ACCOUNT OF THE
COOPERATION SHOWN THUS FAR WITH THE TPM BY THE EC AND
JAPAN. HE HINTED THAT OTHERWISE, THERE MIGHT BE AN

EFFECT ON EC POLICIES.

4. WOLFF TOLD DAVIGNON THAT THE TPM WAS CONSTRUCTED WITHOUT REGARD TO SPECIFIC LEVELS OF TRADE OR MARKET SHARES BUT THAT THE U.S. WAS MAKING AN EFFORT TO CONSULT WITH STEEL TRADING PARTNERS ON PROBLEMS ARISING FROM U.S. STEEL POLICY. HE NOTED, AND DAVIGNON AGREED, THAT SOME PORTION OF A REDUCTION IN U.S. IMPORTS IN THE EARLY MONTHS OF THIS YEAR COULD BE ACCOUNTED FOR BY LARGER THAN NORMAL PURCHASES BY IMPORTERS BEFORE TPM WENT INTO EFFECT, AND THAT FALL-OFF IN ORDERS MAY WELL REFLECT INVENTORY RUNDOWN. DAVIGNON SAID THIS WAS ONE REASON WHY COMMISSION WAS HOLDING OFF ITS ASSESSMENT OF EFFECTS UNTIL IT COULD GET BETTER DATA LATER ON.

5. THIS MESSAGE WAS PREPARED AFTER THE DEPARTURE OF AMBASSADORS WOLFF AND MCDONALD. MORRIS

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Message Attributes

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